

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW

1022 CALHOUN STREET (SUITE 302)

P.O. BOX 8416

COLUMBIA, SOUTH CAROLINA 29202-8416

178722 SA
C7
1004400

MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**
M. McMULLEN TAYLOR

AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 256-8062

April 3, 2006

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

VIA HAND-DELIVERY

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

SO. CAR. COM. STAFF
2006 APR -3 PM 3:33
RECEIVED

RE: Application of Tega Cay Water Service, Inc. for adjustment of rates and charges and modifications to certain terms and conditions for the provision of water and sewer service

Dear Mr. Terreni:

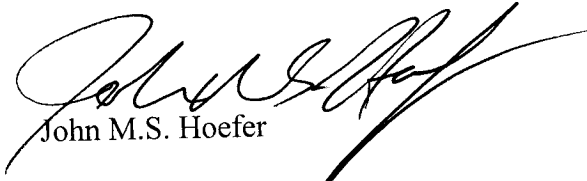
Enclosed for filing are the original and ten (10) copies of the Application of Tega Cay Water Service, Inc., in the above-referenced matter. Also enclosed you will find the Applicant's proposed notice of filing and hearing. By copy of this letter, I am serving a copy of these documents upon the Executive Director of the Office of Regulatory Staff and enclose a Certificate of Service to that effect.

I would appreciate your acknowledging receipt of this Application and Certificate by date-stamping the extra copies that are enclosed and returning it to me via our courier.

If you have any questions or if you need any additional information, please do not hesitate to contact us.

Sincerely,

WILLOUGHBY & HOEFER, P.A.


John M.S. Hoefer

JMSH/twb
Enclosures

cc: Honorable C. Dukes Scott

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 97 -W/S

RECEIVED
2006 APR -3 PM 3:33
SC PUBLIC SERVICE
COMMISSION

IN RE:

Application of Tega Cay Water
Service, Inc. for adjustment of
rates and charges and modifications to
certain terms and conditions for the
provision of water and sewer service.

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day one (1) copy of the Application by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

Honorable C. Dukes Scott
Executive Director
Office of Regulatory Staff
Post Office Box 11263
Columbia, South Carolina 29211


Tracy W. Barnes

Columbia, South Carolina
This 3rd day of April, 2006.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-97 -WS

FILED
2006-11-27 PM 3:23
SOUTH CAROLINA
PUBLIC SERVICE COMMISSION

IN RE:

Application of Tega Cay Water
Service, Inc. for adjustment of
rates and charges and modifications to
certain terms and conditions for the
provision of water and sewer service.

APPLICATION

Tega Cay Water Service, Inc. ("Applicant" or "Company") would respectfully show unto, and request of, the Commission as follows:

BACKGROUND

1. Applicant is a corporation organized and existing under the laws of the State of South Carolina.
2. Applicant is a public utility, as defined by S.C. Code Ann. § 58-5-10(3) (Supp. 2004), providing water and/or sewer services to the public for compensation in York County, South Carolina, pursuant to rates approved by the Commission in Docket No. 96-137-W/S, Order No. 1999-91, dated March 16, 1999.
3. All communications or inquiries regarding this Application should be directed as set forth below:

a. **Applicant's Representative:**

Mr. Steven M. Lubertozi, CPA
Director, Regulatory Accounting
Utilities, Inc.
2335 Sanders Road
Northbrook, Illinois 60062-6196

JWA 1

b. **Legal Counsel:**

John M. S. Hoefer, Esquire
Willoughby & Hoefer, P.A.
Post Office Box 8416
Columbia, South Carolina 29202-8416
(803) 252-3300

REQUEST FOR RATE RELIEF

4. Pursuant to S.C. Code Ann. § 58-5-240 (Supp. 2005) and 26 S.C. Code Ann. Regs. RR. 103-512.4.A and 103-712.4.A (1976, as amended), Applicant requests that the Commission approve the monthly water and sewer service charges set forth in the seven (7) page rate schedule attached hereto and incorporated herein by this reference as Exhibit "A." Also, pursuant to R. 103-703 and 26 S.C. Code Ann. Regs. R. 103-503 (1976), Applicant proposes a modification to the terms and conditions under which a tenant will be billed for water and sewer services to comport with current S.C. Code Ann. § 27-33-50 (Supp. 2005), as same may be amended in the future. Further, pursuant to 26 S.C. Code Ann. Regs. R. 103-703 (1976), Applicant proposes to add language requiring its water customers to conduct cross connection testing, and to add a charge for same if such inspections are undertaken by Applicant, to meet the requirements of 24A S.C. Code Ann. Regs. R. 61-58.7.F.8 (Supp. 2004). Additionally, Applicant proposes to delete certain provisions of the rate schedule pertaining to payments by persons making contributions in aid of construction previously necessitated by the federal Tax Reform Act of 1986, to modify the provision dealing with single family equivalents to incorporate the pertinent regulation of the South Carolina Department of Health and Environmental Control ("DHEC") in lieu of the current table or ratings, and to include language pertaining to the terms and conditions for extensions of service.

Just ²

SUPPORTING DOCUMENTATION

5. Applicant proposes a test year of October 1, 2004 to September 30, 2005 and has prepared certain financial statements relating to that time period in support of the Application, which statements are attached hereto and incorporated herein by this reference as Exhibit "B," pages 1 through 11. These financial statements include the following:

- a. Balance Sheet (Schedule A);
- b. Current and pro forma income and expense statements (Schedule B), and
- c. Rate base and rate of return information (Schedule C).¹

Applicant also submits, as Exhibit "B" pages 12 through 14, the following information in support of the Application:

- d. Water and sewer consumption analyses (Schedule D)
- e. Water and sewer proposed revenues (Schedule E)
- f. Schedule of current and projected customers (Schedule F)

6. Attached hereto and incorporated herein by this reference as Exhibit "C" is the most recent approval letter from the South Carolina Department of Health and Environmental Control ("DHEC").

7. Attached hereto and incorporated herein by this reference as Exhibit "D" is the Company's current customer bill form.

8. There is on file with this Commission a performance bond given to satisfy the requirements of S.C. Code Ann. § 58-5-720 (Supp. 2005).

9. A map depicting Applicant's current service area is on file with the Commission.

¹These calculations are for informational purposes only as Applicant will submit evidence with respect to proper returns on equity and rate base at hearing.

10. The financial statements, the other documents submitted herewith, and the references to documents on file with the Commission are offered to comply with Commission Rules R. 103-512.4.A and R. 103-712.4.A and to provide information useful to the Commission in considering the reasonableness of the proposed rate schedule.²

NEED AND JUSTIFICATION FOR RATE RELIEF

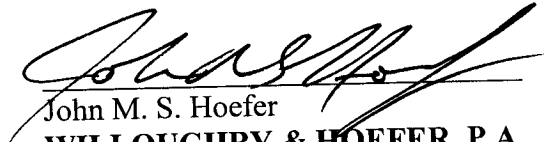
11. Applicant submits that the proposed rate increase is necessary in order that it may provide reasonable and adequate service to its customers, cover its expenses, be permitted an opportunity to earn a reasonable return on its investment, and attract capital for future improvements. Said rates are also necessary in order that the Applicant may comply with standards and regulations set by the South Carolina Department of Health and Environmental Control or other environmental regulatory authorities. Said rates will preserve the financial integrity of the Applicant, promote continued investment in and maintenance of its facilities, and thereby permit Applicant to continue providing reliable and high quality water and sewer services.

REQUEST FOR RATE BASE TREATMENT

12. Applicant further submits that given its substantial plant investment, and specifically the rate base reflected on Schedule C of Exhibit "B," Applicant is entitled to have the reasonableness of its proposed rates determined in accordance with the rate of return on rate base methodology. Accordingly, Applicant requests rate base treatment in this proceeding.

²Because Applicant utilizes a composite depreciation rate of 1 ½%, no depreciation schedule by categories of plant or average service lives exists. The Applicant will, of course, make available copies of the Company's depreciation workpapers in the course of the audit in the instant case. Also, in accordance with Order No. 2005-18, Docket No. 2005-83-A, a proposed notice of filing is being transmitted with the instant application.

WHEREFORE, having fully set forth its Application, Tega Cay Water Service, Inc. prays that the Commission approve the rates proposed and grant to Applicant such other and further relief as the Commission may deem just and proper.


John M. S. Hoefer
WILLOUGHBY & HOEFER, P.A.
Post Office Box 8416
Columbia, South Carolina 29202-8416
803-252-3300

Attorneys for Tega Cay Water
Service, Inc.

Columbia, South Carolina
This 3rd day of April, 2006.

EXHIBIT A

TEGA CAY WATER SERVICE, INC.

PROPOSED SCHEDULE OF RATES AND CHARGES

I. WATER

1. CHARGE FOR WATER DISTRIBUTION ONLY

Where water is purchased from a government body or agency or other entity for distribution by the Company, the following rates apply:

Residential

Basic Facilities Charge per single family house, condominium, mobile home or apartment unit:

\$8.03 per unit*

Commodity charge:

\$2.07 per 1,000 gallons or 134 cft

*Residential customers with meters of 1" or larger will be charged commercial rate

Commercial

Basic Facilities Charge

\$8.03 per single family equivalent (SFE)

Commodity charge:

\$ 2.07 per 1,000 gallons or 134 cft

The Utility will also charge for the cost of water purchased from the government body or agency, or other entity. The charges imposed or charged by the government body or agency, or other entity providing the water supply will be charged to the Utility's affected customers on a pro rata basis without markup. Where the Utility is required by regulatory authority with jurisdiction over the Utility to interconnect to the water supply system of a government body or agency or other entity and tap/connection/impact fees are imposed by that

entity, such tap/connection/impact fees will also be charged to the Utility's affected customers on a pro rata basis, without markup.

Commercial customers are those not included in the residential category above and include, but are not limited to hotels, stores, restaurants, offices, industry, etc.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

2. Nonrecurring Charges

Tap Fees \$600 per SFE*

3. Account Set-Up and Reconnection Charges

a. Customer Account Charge - for new customers only \$30.00

b. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of Forty dollars (\$40.00) shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-732.5. Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected. The reconnection fee shall also be due prior to reconnection if water service has been disconnected at the request of the customer.

4. Other Services

Fire Hydrant – One Hundred (\$100.00) per hydrant per year for water service payable in advance. Any water used should be metered and the commodity charge in Section One (1) above will apply to such usage.

5. Billing Cycle / Late Payment

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided. Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half (1.5%) percent for each month or any part of a month that said payment remains unpaid.

6. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service, unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

7. Cross Connection Inspection Fee

Any customer installing, permitting to be installed, or maintaining any cross connection between the Utility's water system and any other non-public water system, sewer or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2 (Supp. 2004), as may be amended from time to time. Such a customer shall annually have such cross connection inspected by a licensed certified tester and provide to Utility a copy of a written inspection report and testing results submitted by the certified tester in accordance with 24A S.C. Code Ann. Regs. R.61—58.7.F.8.(Supp. 2004), as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later than June 30th of each year. Should a customer subject to these requirements fail to timely provide such report and results, Utility may arrange for inspection and testing by a licensed certified tester and add the charges incurred by the Utility in that regard to the customer's next bill.

* A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Environmental Control Guidelines for Unit Contributory

Loadings for Domestic Wastewater Treatment Facilities -- 25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2005), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

II. SEWER

1. Monthly Charges

Residential - charge per
single-family house, condominium,
villa, mobile home or apartment unit: \$37.33 per unit

Commercial: \$37.33 per SFE*

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

The Utility will also charge for treatment services provided by the government body or agency, or other entity. The rates imposed or charged by the government body or agency, or other, entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of a 201/208 Plan, or by other regulatory authority with jurisdiction over the Utility, to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rata basis, without markup.

The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units, which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. Nonrecurring Charges

Tap Fees (which includes sewer
Service connection charges and
capacity charges) \$1,200.00 per SFE*

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of a non residential customer is less than one (1). If the equivalency rating of a non residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the

appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. Notification, Account Set-Up and Reconnection Charges

a. Notification Fee

A fee of fifteen (\$15.00) dollars shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

b. Customer Account Charge - for new customers only.

A fee of twenty-five (\$25.00) dollars shall be charged as a one-time fee to defray the costs of initiating service. This charge will be waived if the customer is also a water customer.

c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of two hundred fifty (\$250.00) dollars shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4.

4. Billing Cycle

Recurring charges will be billed monthly, in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

5. Extension of Utility Service Lines and Mains

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point, to pay the appropriate fees and charges set forth in this rate schedule and to comply with the guidelines and standards hereof, shall not be denied service, unless treatment capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has restricted the Utility from adding for any reason additional customers to the serving sewer system. In no event will the Utility be required to construct additional wastewater treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of

all costs associated with adding wastewater treatment capacity to the affected sewer system.

*A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Environmental Control Guidelines for Unit Contributory Loading for Domestic Wastewater Treatment Facilities --25 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2005), as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee

6. Toxic and Pretreatment Effluent Guidelines

The Utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

Tega Cay Water Service, Inc.
Balance Sheet
September 30, 2005

Schedule A

<u>ASSETS</u>		<u>LIABILITIES AND OTHER CREDITS</u>	
<u>Plant In Service</u>		<u>Capital Stock and Retained Earnings</u>	
Water	\$ 3,003,103	Common Stock and Paid In Capital	\$ 2,606,917
Sewer	9,039,280	Retained Earnings	378,199
Total	\$ 12,042,383	Total	\$ 2,985,116
Accumulated Depreciation-Water	\$ (731,857)	<u>Current and Accrued Liabilities</u>	
Accumulated Depreciation-Sewer	(2,179,368)	Accounts Payable-Trade	\$ 32,350
Total	\$ (2,911,226)	Taxes Accrued	88,663
		Customer Deposits	58,630
Net Utility Plant	\$ 9,131,158	Customer Deposits - Interest	27,388
		A/P - Assoc. Companies	(950,188)
		Total	\$ (743,157)
Plant Acquisition Adjustment-Water	\$ 39,157	<u>Advances In Aid of Construction</u>	
Plant Acquisition Adjustment-Sewer	245,676	Water	\$ 0
Total	\$ 284,833	Sewer	0
		Total	\$ 0
Construction Work In Process-Water	\$ 0	<u>Contributions In Aid of Construction</u>	
Construction Work In Process-Sewer	0	Water	\$ 1,686,534
Total	\$ 0	Sewer	5,128,610
		Total	\$ 6,815,145
Current Assets		<u>Accumulated Deferred Income Tax</u>	
Cash	\$ 0	Unamortized ITC	\$ 0
Accounts Receivable - Net	144,432	Deferred Tax - Federal	517,970
Other Current Assets	276	Deferred Tax - State	(13,653)
Total	\$ 144,707	Total	\$ 504,317
Deferred Charges	\$ 723	<u>TOTAL LIABILITIES AND OTHER CREDITS</u>	
TOTAL ASSETS	\$ 9,561,421		\$ 9,561,421

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase	Pro Forma Proposed
Operating Revenues						
Service Revenues - Water	\$ 346,686	\$ 24 [a]		\$ 346,710	\$ 52,368	\$ 399,078
Service Revenues - Sewer	600,216	1,741 [a]		601,957	144,831	746,788
Miscellaneous Revenues	14,148	-		14,148	-	14,148
Uncollectible Accounts	(3,158)	-		(3,158) [k]	(657)	(3,815)
Total Operating Revenues	\$ 957,892	\$ 1,765		\$ 959,657	\$ 196,542	\$ 1,156,198
Maintenance Expenses						
Salaries and Wages	\$ 113,405	\$ 11,183 [b]		124,587	\$ -	\$ 124,587
Purchased Power	51,569	-		51,569	-	51,569
Purchased Sewer & Water	(1,196)	-		(1,196)	-	(1,196)
Maintenance and Repair	189,534	24,960 [l]		214,494	-	214,494
Maintenance Testing	10,588	-		10,588	-	10,588
Meter Reading	10,091	-		10,091	-	10,091
Chemicals	14,669	-		14,669	-	14,669
Transportation	11,750	-		11,750	-	11,750
Operating Exp. Charged to Plant	(17,957)	310 [c]		(17,647)	-	(17,647)
Outside Services - Other	5,799	-		5,799	-	5,799
Total	\$ 388,252	\$ 36,453		\$ 424,705	\$ -	\$ 424,705
General Expenses						
Salaries and Wages	\$ 52,865	\$ 11,447 [b]		\$ 64,312	\$ -	\$ 64,312
Office Supplies & Other Office Exp.	20,422	-		20,422	-	20,422
Regulatory Commission Exp.	-	57,387 [d]		57,387	-	57,387
Pension & Other Benefits	31,858	(1,946) [b]		29,912	-	29,912
Rent	4,466	-		4,466	-	4,466
Insurance	61,148	-		61,148	-	61,148
Office Utilities	9,165	-		9,165	-	9,165
Miscellaneous	6,458	-		6,458	-	6,458
Total	\$ 186,381	\$ 66,887		\$ 253,268	\$ -	\$ 253,268
Depreciation	\$ 245,265	\$ (26,984) [e]		\$ 218,280	\$ -	\$ 218,280
Taxes Other Than Income	206,869	(80,964) [f]		125,905	2,215 [f]	128,120
Income Taxes - Federal	58,992	(67,282) [g]		(8,290)	64,614 [g]	56,324
Income Taxes - State	1,338	(2,585) [g]		(1,247)	9,716 [g]	8,470
Amort. Investment Tax Credit	-	-		-	-	-
Amortization of PAA	-	5,210 [e]		5,210	-	5,210
Amortization of CIAC	(171,782)	45,369 [e]		(126,414)	-	(126,414)
Total	\$ 340,681	\$ (127,236)		\$ 213,445	\$ 76,545	\$ 289,990
Total Operating Expenses	\$ 915,314	\$ (23,896)		\$ 891,419	\$ 76,545	\$ 967,964
Net Operating Income	\$ 42,577	\$ 25,661		\$ 68,238	\$ 119,997	\$ 188,235
Interest During Construction	\$ (80)	\$ 80 [h]		\$ -	\$ -	\$ -
Interest on Debt	167,102	(83,468) [i]		83,633	-	83,633
Net Income	\$ (124,444)	\$ 109,049		\$ (15,395)	\$ 119,997	\$ 104,601

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase	Pro Forma Proposed
Operating Revenues						
Service Revenues - Water	\$ 346,686	\$ 24 [a]		\$ 346,710	\$ 52,368	\$ 399,078
Service Revenues - Sewer	-	- [a]		-	-	-
Miscellaneous Revenues	6,343	-		6,343	-	6,343
Uncollectible Accounts	(1,146)	-		(1,146) [l]	(173)	(1,319)
Total Operating Revenues	\$ 351,883	\$ 24		\$ 351,907	\$ 52,195	\$ 404,102
Maintenance Expenses						
Salaries and Wages	\$ 58,528	\$ 5,770 [b]		\$ 64,298	\$ -	\$ 64,298
Purchased Power	14,361	-		14,361	-	14,361
Purchased Water	(1,196)	-		(1,196)	-	(1,196)
Maintenance and Repair	20,422	24,960 [l]		45,382	-	45,382
Maintenance Testing	1,719	-		1,719	-	1,719
Meter Reading	10,091	-		10,091	-	10,091
Chemicals	7,571	-		7,571	-	7,571
Transportation	6,064	-		6,064	-	6,064
Operating Exp. Charged to Plant	(9,268)	160 [c]		(9,108)	-	(9,108)
Outside Services - Other	2,993	-		2,993	-	2,993
Total	\$ 111,285	\$ 30,890		\$ 142,176	\$ -	\$ 142,176
General Expenses						
Salaries and Wages	\$ 27,284	\$ 5,907 [b]		\$ 33,191	\$ -	\$ 33,191
Office Supplies & Other Office Exp.	10,540	-		10,540	-	10,540
Regulatory Commission Exp.	-	29,617 [d]		29,617	-	29,617
Pension & Other Benefits	16,442	(1,005) [b]		15,437	-	15,437
Rent	2,305	-		2,305	-	2,305
Insurance	31,558	-		31,558	-	31,558
Office Utilities	4,730	-		4,730	-	4,730
Miscellaneous	3,333	-		3,333	-	3,333
Total	\$ 96,191	\$ 34,520		\$ 130,711	\$ -	\$ 130,711
Depreciation	\$ 64,638	\$ 8,945 [e]		\$ 73,583		\$ 73,583
Taxes Other Than Income	105,160	(41,785) [f]		63,375	588 [f]	63,963
Income Taxes - Federal	21,408	(33,247) [g]		(11,839)	17,159 [g]	5,320
Income Taxes - State	486	(2,266) [g]		(1,780)	2,580 [g]	800
Amort. Investment Tax Credit	-	-		-	-	-
Amortization of PAA	-	716 [e]		716	-	716
Amortization of CIAC	(42,344)	11,394 [e]		(30,950)	-	(30,950)
Total	\$ 149,348	\$ (56,243)		\$ 93,105	\$ 20,328	\$ 113,433
Total Operating Expenses	\$ 356,825	\$ 9,167		\$ 365,991	\$ 20,328	\$ 386,319
Net Operating Income	\$ (4,941)	\$ (9,143)		\$ (14,085)	\$ 31,867	\$ 17,783
Interest During Construction	\$ (20)	\$ 20 [h]		\$ -	\$ -	\$ -
Interest on Debt	41,993	(34,091) [i]		7,902	-	7,902
Net Income	\$ (46,914)	\$ 24,928		\$ (21,987)	\$ 31,867	\$ 9,880

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase	Pro Forma Proposed
Operating Revenues						
Service Revenues - Water	\$ -	\$ - [a]		\$ -	\$ -	\$ -
Service Revenues - Sewer	600,216	1,741 [a]		601,957	144,831	746,788
Miscellaneous Revenues	7,805	-		7,805	-	7,805
Uncollectible Accounts	(2,012)	-		(2,012) [l]	(484)	(2,496)
Total Operating Revenues	\$ 606,009	\$ 1,741		\$ 607,750	\$ 144,347	\$ 752,097
Maintenance Expenses						
Salaries and Wages	\$ 54,876	\$ 5,412 [b]		\$ 60,289	\$ -	\$ 60,289
Purchased Power	37,208	-		37,208	-	37,208
Purchased Sewer	-	-		-	-	-
Maintenance and Repair	169,113	- [l]		169,113	-	169,113
Maintenance Testing	8,870	-		8,870	-	8,870
Meter Reading	-	-		-	-	-
Chemicals	7,098	-		7,098	-	7,098
Transportation	5,686	-		5,686	-	5,686
Operating Exp. Charged to Plant	(8,690)	150 [c]		(8,539)	-	(8,539)
Outside Services - Other	2,806	-		2,806	-	2,806
Total	\$ 276,967	\$ 5,562		\$ 282,529	\$ -	\$ 282,529
General Expenses						
Salaries and Wages	\$ 25,581	\$ 5,540 [b]		\$ 31,121	\$ -	\$ 31,121
Office Supplies & Other Office Exp.	9,882	-		9,882	-	9,882
Regulatory Commission Exp.	-	27,770 [d]		27,770	-	27,770
Pension & Other Benefits	15,416	(942) [b]		14,474	-	14,474
Rent	2,161	-		2,161	-	2,161
Insurance	29,590	-		29,590	-	29,590
Office Utilities	4,435	-		4,435	-	4,435
Miscellaneous	3,125	-		3,125	-	3,125
Total	\$ 90,190	\$ 32,367		\$ 122,557	\$ -	\$ 122,557
Depreciation	\$ 180,626	\$ (35,929) [e]		\$ 144,697		\$ 144,697
Taxes Other Than Income	101,709	(39,179) [f]		62,530	1,627 [f]	64,157
Income Taxes - Federal	37,584	(34,035) [g]		3,549	47,454 [g]	51,004
Income Taxes - State	852	(319) [g]		534	7,136 [g]	7,670
Amort. Investment Tax Credit	-	-		-	-	-
Amortization of PAA	-	4,494 [e]		4,494	-	4,494
Amortization of CIAC	(129,438)	33,975 [e]		(95,463)	-	(95,463)
Total	\$ 191,333	\$ (70,992)		\$ 120,341	\$ 56,217	\$ 176,558
Total Operating Expenses	\$ 558,490	\$ (33,063)		\$ 525,427	\$ 56,217	\$ 581,644
Net Operating Income	\$ 47,519	\$ 34,804		\$ 82,323	\$ 88,130	\$ 170,452
Interest During Construction	\$ (60)	\$ 60 [h]		\$ -	\$ -	\$ -
Interest on Debt	125,109	(49,377) [i]		75,731	-	75,731
Net Income	\$ (77,530)	\$ 84,121		\$ 6,591	\$ 88,130	\$ 94,721

- [a] Water and sewer revenues are adjusted to tie to test year consumption data at test year rates. These were the rates established in Docket No. 96-137-WS.
- [b] Salaries, wages and benefits are adjusted for annualization as of 9/30/05, and then adjusted for anticipated increases of 4%.
- [c] Operating expense charged to plant has been adjusted to reflect an increase in operator salaries.
- [d] Regulatory expense has been adjusted for the total estimated cost of this case, amortized over three years.
- [e] Depreciation and amortization expense are annualized to reflect actual and estimated pro forma plant additions, actual and estimated capitalized time additions, and actual and estimated general ledger plant additions at the Company's depreciation rates. These actual and estimated pro forma additions account for pro forma additions through the estimated audit date.
- [f] Taxes other than income are adjusted for annualized payroll taxes, utility commission taxes, and gross receipts taxes.
- [g] Income taxes are computed on taxable income at current rates.
- [h] AFUDC is eliminated for rate making purposes.
- [i] Interest on debt has been computed using a 59.1%/40.9% debt / equity ratio and a 6.42% cost of debt.
- [k] Uncollectible accounts have been adjusted to account for bad debt expense at proposed revenues.
- [l] Deferred O&M charges are included to reflect major projects to be completed by the estimated audit date.

	Per Books	Rate Base Adjustments from ted Per Books Docket No. 96-137-WS	As Adjusted Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	42,577		\$ 42,577	\$ 25,661	\$ 68,238	\$ 119,997	\$ 188,235
Gross Plant In Service	12,042,383	(352,044) [g]	11,690,339	175 [a]	11,690,514	-	\$ 11,690,514
Accumulated Depreciation	(2,911,226)	90,318 [g]	(2,820,908)	12,380 [b]	(2,808,528)	-	(2,808,528)
Net Plant In Service	9,131,158	(261,726)	8,869,432	12,555	8,881,986	-	8,881,986
Cash Working Capital	71,830		71,830	12,917 [c]	84,747	-	84,747
Contributions In Aid of Construction	(6,815,145)		(6,815,145)	-	(6,815,145)	-	(6,815,145)
Accumulated Deferred Income Taxes	(504,317)		(504,317)	-	(504,317)	-	(504,317)
Customer Deposits	(58,630)		(58,630)	-	(58,630)	-	(58,630)
Plant Acquisition Adjustment	284,833		284,833	-	284,833	-	284,833
Water Service Corporation	17,871		17,871	-	17,871	-	17,871
General Ledger Additions	-		-	108,187 [d]	108,187	-	108,187
Capitalized Time Additions	-		-	35,607 [d]	35,607	-	35,607
Excess Book Value	-		-	-	-	-	-
Pro Forma Plant	-		-	186,815 [e]	186,815	-	186,815
Pro Forma Plant Retirements	-		-	(17,375) [e]	(17,375)	-	(17,375)
Total Rate Base	2,127,599	(261,726)	\$ 1,865,873	\$ 338,705	\$ 2,204,579	\$	\$ 2,204,579
Return on Rate Base	2.00%		2.28%		3.10%		8.54% [f]

	Per Books	Rate Base Adjustments from Docket No. 2005-357-WS	As Adjusted Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	(4,941)		\$ (4,941)	\$ (9,143)	\$ (14,085)	\$ 31,867	\$ 17,783
Gross Plant In Service	3,003,103	(352,044) [g]	2,651,059	90 [a]	2,651,150	-	2,651,150
Accumulated Depreciation	(731,857)	90,318 [g]	(641,539)	15,992 [b]	(625,548)	-	(625,548)
Net Plant In Service	2,271,246	(261,726)	2,009,520	16,082	2,025,602	-	2,025,602
Cash Working Capital	25,935		25,935	8,176 [c]	34,111	-	34,111
Contributions In Aid of Construction	(1,686,534)		(1,686,534)	-	(1,686,534)	-	(1,686,534)
Accumulated Deferred Income Taxes	(273,990)		(273,990)	-	(273,990)	-	(273,990)
Customer Deposits	(30,259)		(30,259)	-	(30,259)	-	(30,259)
Plant Acquisition Adjustment	39,157		39,157	-	39,157	-	39,157
Water Service Corporation	9,223		9,223	-	9,223	-	9,223
General Ledger Additions			-	14,228	14,228	-	14,228
Capitalized Time Additions			-	6,766 [d]	6,766	-	6,766
Excess Book Value	-		-	-	-	-	-
Pro Forma Plant			-	70,000 [e]	70,000	-	70,000
Pro Forma Plant Retirements			-	- [e]	-	-	-
Total Rate Base	354,778	(261,726)	\$ 93,052	\$ 115,252	\$ 208,304	\$ -	\$ 208,304
Return on Rate Base	-1.39%		-5.31%		-6.76%		8.54% [f]

	Per Books	Rate Base Adjustments from Docket No. 96-137-WS	As Adjusted Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	47,519		\$ 47,519	\$ 34,804	\$ 82,323	\$ 88,130	\$ 170,452
Gross Plant In Service	9,039,280		9,039,280	85 [a]	9,039,364	-	9,039,364
Accumulated Depreciation	(2,179,368)		(2,179,368)	(3,612) [b]	(2,182,980)	-	(2,182,980)
Net Plant In Service	6,859,911		6,859,911	(3,527)	6,856,384	-	6,856,384
Cash Working Capital	45,895		45,895	4,741 [c]	50,636	-	50,636
Contributions In Aid of Construction	(5,128,610)		(5,128,610)	-	(5,128,610)	-	(5,128,610)
Accumulated Deferred Income Taxes	(230,328)		(230,328)	-	(230,328)	-	(230,328)
Customer Deposits	(28,371)		(28,371)	-	(28,371)	-	(28,371)
Plant Acquisition Adjustment	245,676		245,676	-	245,676	-	245,676
Water Service Corporation	8,648		8,648	-	8,648	-	8,648
General Ledger Additions	-		-	93,959	93,959	-	93,959
Capitalized Time Additions	-		-	28,841 [d]	28,841	-	28,841
Excess Book Value	-		-	-	-	-	-
Pro Forma Plant	-		-	116,815 [e]	116,815	-	116,815
Pro Forma Plant Retirements	-		-	(17,375) [e]	(17,375)	-	(17,375)
Total Rate Base	1,772,821		\$ 1,772,821	\$ 223,453	\$ 1,996,274	\$ -	\$ 1,996,274
Return on Rate Base	2.68%		2.68%		4.12%		8.54% [f]

Plant by Categories:

3011001	ORGANIZATION	125,040
3021002	FRANCHISES	1,243
3033020	LAND & LAND RIGHTS (PUMP PLT)	-
3036010	LAND & LAND RIGHTS	1,869
3042011	STRUCTURES & IMPROVE.(SOURCE SL	13,505
3043021	STRUCTURES & IMPROVE.(PUMP.PLT.)	45,218
3044031	STRUCTURES & IMPROVE.(WTR. T.P.)	10,591
3072014	WELLS & SPRINGS	352,044
3113025	ELECTRIC PUMPING EQUIPMENT	16,774
3204032	WATER TREATMENT EQUIPMENT	59,543
3305042	DISTRIB. RESERVOIRS & STANDPIPES	244,903
3315043	TRANSMISSION & DISTRIB. MAINS	1,333,306
3335045	SERVICE LINES	444,949
3345046	METERS	32,760
3345047	METER INSTALLATIONS	97,351
3355048	HYDRANTS	76,966
3391088	UNIFORMS	-
3406090	OFFICE STRUCTURES & IMPROVEMEN	2,705
3406091	OFFICE FURNITURE & EQUIPMENT	14,725
3446095	LABORATORY EQUIPMENT	4,181
3466094	TOOLS, SHOP & MISC. EQUIPMENT	18,668
3466097	COMMUNICATION EQUIPMENT	2,552
3917000	TRANSPORTATION	50,284
1041000	UTILITY PLANT ACQUIRED/DISPOSED	53,927
	SUB-TOTAL	<u>3,003,103</u>

3511001	ORGANIZATION	119,455
3537002	LAND & LAND RIGHTS	7,120
3542011	LIFT STATION	635,354
3547003	BUILDINGS & STRUCTURES	1,420
3547012	SPRAY IRRIGATION FACILITIES	-
3602006	SEWAGE SERVICE LINES	443,502
3602007	FORCE OR VACUUM MAINS	3,959
3612008	SEWER MAINS	4,216,688
3612010	MANHOLES	1,530,823
3804004	SEWER LAGOONS	-
3804005	SEWAGE TREATMENT PLANT	1,939,930
3824009	OUTFALL LINES	3,160
3907091	OFFICE FURNITURE & EQUIPMENT	-
3937094	TOOLS, SHOP & MISC. EQUIPMENT	-
3967097	COMMUNICATION EQUIPMENT	-
3917000	TRANSPORTATION	47,147
3406090	OFFICE STRUCT & IMPRV	2,537
3406091	OFFICE FURNITURE & EQUIPMENT	13,807
3446095	LABORATORY EQUIPMENT	3,920
3466094	TOOLS, SHOP & MISC. EQUIPMENT	17,503
3466097	COMMUNICATION EQUIPMENT	2,393
1041000	UTILITY PLANT ACQUIRED/DISPOSED	<u>50,563</u>
	Total Plant	<u><u>9,039,280</u></u>

- [a] Gross plant in service is adjusted to account for actual plant in service at 9/30/05.
- [b] Accumulated depreciation is adjusted to reflect the increase in gross plant in service, actual and estimated capitalized time, actual and estimated general ledger additions, pro forma plant, and pro forma plant retirements.
- [c] Cash working capital is calculated based on 1/8 of maintenance and general expenses.
- [d] A pro forma adjustment is made to account for actual and estimated capitalized time and actual and estimated general ledger additions for water and sewer operations to be included in this case. These additions are estimated through ORS' estimated audit date.
- [e] Pro forma plant and pro forma plant retirements are adjusted for planned additional capital investments through the estimated audit date.
- [f] The return on rate base shown above is provided solely as a matter of information and convenience for the Commission and is not intended to reflect a request for this specific return on rate base (or any return on equity). Applicant will make its request for a return on rate base (and return on equity) by way of evidence to be introduced at hearing.
- [g] Removal of plant wells and associated accumulated depreciation per Order in Docket No. 1996-137-WS.

WATER

Bill code	Description	Gallorage	Usage Charge	Units	BFC	Revenues
48501	5/8" Residential Distribution	109,384,911	\$ 1.69	19,623	\$ 7.50	\$ 332,033
48502	5/8" Commercial Distribution	1,340,439	1.69	224	7.50	3,945
48505	1" Commercial Distribution	444,700	1.69	83	7.50	1,374
48506	2" Commercial Distribution	367,200	1.69	72	7.50	1,161
48540	Hydrant Rental	-	-	984	8.33	8,197
	Total	111,537,250		20,986		\$ 346,710

per t/b	\$ 346,686
difference \$	\$ 24
difference %	0.01%

Base charge per month is based on a \$100 flat rate per hydrant per year.

SEWER

Bill code	Description	Gallorage	Usage Charge	Units	Rate	Revenues
48521	5/8" Residential	-	\$ -	19,490	\$ 30.09	\$ 586,460
48522	5/8" Coml Sewer	-	-	96	30.09	2,889
48523	1" Coml Sewer	-	-	23	30.09	692
48524	2" Coml Sewer	-	-	396	30.09	11,916
	Total	-		20,005		\$ 601,957

per t/b	\$ 600,216
difference \$	\$ 1,741
difference %	0.29%

Tega Cay Water Service, Inc.
Test Year Ended September 30, 2005
Revenues at Proposed Rates

Schedule E

WATER

<u>Bill code</u>	<u>Description</u>					
48501	5/8" Residential Distribution	109,384,911	\$ 2.07	19,623	\$ 8.03	\$ 383,394
48502	5/8" Commercial Distribution	1,340,439	2.07	224	8.03	4,566
48505	1" Commercial Distribution	444,700	2.07	83	8.03	1,585
48506	2" Commercial Distribution	367,200	2.07	72	8.03	1,336
48540	Hydrant Rental	-	-	984	8.33	8,197
	Total	<u>111,537,250</u>		<u>20,986</u>		<u>\$ 399,078</u>

SEWER

<u>Bill code</u>	<u>Description</u>	<u>Gallons</u>	<u>Usage Charge</u>	<u>Units</u>	<u>Rate</u>	<u>Revenues</u>
48521	5/8" Residential	-	-	19,490	\$ 37.33	\$ 727,562
48522	5/8" Coml Sewer	-	-	96	37.33	3,584
48523	1" Coml Sewer	-	-	23	37.33	859
48524	2" Coml Sewer	-	-	396	37.33	14,783
	Total	<u>-</u>		<u>20,005</u>		<u>\$ 746,788</u>

Tega Cay Water Service, Inc.
Test Year Ended September 30, 2005
Customer Growth

Schedule F

Water

Actual Customers at 9/30/04	1814
Actual Customers at 9/30/05	1828
Projected Customers at 9/30/06	1846

Sewer

Actual Customers at 9/30/04	1700
Actual Customers at 9/30/05	1714
Projected Customers at 9/30/06	1731

BOARD:
Eli Beth M. Hagood
Chairman
Edwin H. Cooper, III
Vice Chairman
L. Michael Blackmon
Secretary



C. Earl Hunter, Commissioner
Promoting and protecting the health of the public and the environment.

BOARD:
Carl L. Brazell
Steven G. Kisner
Paul C. Aughtry, III
Coleman F. Buckhouse, MD

March 27, 2006

Mr. John M.S. Hoefer
Willoughby & Hoefer, P.A.
PO Box 8416
Columbia, SC 29202-8416

RECEIVED

MAR 29 2006

Willoughby & Hoefer, P.A.

RE: Your e-mail of March 23, 2006 (copy enclosed)
List of Water and Wastewater Facilities
Carolina Water Service, United Utility Companies, Tega Cay Water Service

Dear Mr. Hoefer:

This letter affirms that these companies have valid DHEC permits to operate these systems. The only exception is that we show only NPDES permit SC0024716 (not SC0024715) for Chambert Forest.

I can be reached at 803-898-4157 or at debessjp@dhec.sc.gov.

Sincerely,

Jeffrey P. deBessonnet, P.E., Director
Water Facilities Permitting Division

cc: Shawn Clarke

Exhibit C
Page 1 of 2

toga cay

Sub #	System Name	Drinking Water System #	NPDES #
485	Tega Cay	4650005	
485	Tega Cay WWTP #2		SC0026743
485	Tega Cay WWTP #3 & #4		SC0026751

Utilities, Inc and Affiliated Companies

TEGA CAY WATER SERVICE INC
PO BOX 240908
CHARLOTTE NC 28224-0908



Acct # 00485 [REDACTED]
Due Date 03/28/06 Amount Paid
Please Pay \$62.29 \$

[REDACTED]
TEGA CAY SC 29708-8539

TEGA CAY WATER SERVICE INC
PO BOX 240908
CHARLOTTE NC 28224-0908

Service Address Telephone #

To insure proper credit, return this portion. Please do not staple, clip, or tape.

Customer Service Information Please Retain for Your Records
Remittance Address: TEGA CAY WATER SERVICE INC
PO BOX 240908
CHARLOTTE NC 28224-0908
For Service or Billing Inquiries Call:
800-367-4314 OR 803-796-9545
To Pay By Credit or Debit Card, Call 1-877-527-7852.
A Convenience Fee Will Be Charged.

Account Information			Description of Charges	
Account #	00485	[REDACTED]	PRIOR BALANCE	\$0.00
Service Addr	[REDACTED]		WATER DISTRIBUTION CHG	\$15.68
Bill Date	03/03/06	Due Date 03/28/06	YORK COUNTY SUPPLY CHG	\$15.78
			SEWER	\$30.09
Prior Read	01/19/06	217060	SC DHEC FEE	\$0.34
Current Read	02/20/06	221900	YORK COUNTY BASE CHARGE	\$0.40
Usage		4840		
# of days this period	32			
Average daily usage	151			
Average daily water cost	\$0.50			
Average daily sewer cost	\$0.94			
Last Payment	02/09/06	\$64.35		

1 1/2% PER MONTH WILL BE ADDED TO
ALL AMOUNTS NOT PAID BY THE DUE DATE.

PLEASE PAY \$62.29

PLEASE PROVIDE YOUR SERVICE ADDRESS PHONE NUMBER
ON THE NET REMITTANCE FORM
SO WE MAY CONTACT YOU IN THE EVENT OF A SERVICE RELATED EMERGENCY.

TO HELP US MAINTAIN SECURITY SURROUNDING YOUR DRINKING WATER SYSTEMS,
PLEASE CALL OUR OFFICE AND THE POLICE IF YOU NOTICE SUSPICIOUS ACTIVITY.

PAYMENT OPTIONS -- \$\$\$ -- WE CAN AUTOMATICALLY DRAFT YOUR PAYMENT FROM YOUR
SAVINGS/CHECKING ACCOUNT FREE OF CHARGE. FOR INFORMATION, CALL OUR CUSTOMER
SERVICE DEPARTMENT AT THE SERVICE & BILLING INQUIRY NUMBER LISTED ABOVE.

TO PAY BY CREDIT, DEBIT (VISA & MASTERCARD) OR ELECTRONIC CHECK, CALL
1-877-527-7852. PAYMENTS MADE ON ANY VISA CARD THAT CAN BE USED AS A DEBIT
OR CREDIT CARD WILL BE PROCESSED AS A DEBIT CARD. PAY OVER THE INTERNET BY
ACCESSING PAYBYINTERNET.COM. MAKE INTERNET PAYMENTS TO OUR PARENT COMPANY
UTILITIES INC. THERE IS A FEE FOR THESE PAYMENT OPTIONS. *****

***** YOU MUST ALLOW FOR CREDIT/DEBIT CARD PROCESSING TIME. *****
** TO ASSURE PROPER CREDIT TO YOUR ACCOUNT FOR ONLINE OR PHONE PAYMENTS, **
*** PLEASE ENTER YOUR 12 DIGIT WATER/SEWER ACCOUNT NUMBER CAREFULLY. ****

Rate Schedule Available Upon Request

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKETING DEPARTMENT

NOTICE OF FILING AND HEARING

DOCKET NO. 2006 -- ____ -WS

TEGA CAY WATER SERVICE, INC. – APPLICATION FOR ADJUSTMENT OF RATES AND CHARGES FOR THE PROVISION OF WATER AND SEWER SERVICE.

Tega Cay Water Service, Inc. (TCWS or the Company) has filed an Application with the Public Service Commission of South Carolina (the Commission) for an adjustment of the Company's rates and charges and modification of certain terms and conditions for the provision of water and sewer service. TCWS is a public utility, as defined by S.C. Code Ann. § 58-5-10(3) (Supp. 2004), providing water and sewer service to the public for compensation in certain areas of South Carolina pursuant to rates approved by the Commission in Docket No. 96-137-W/S.

Pursuant to S.C. Code Ann. § 58-5-240 (Supp. 2005) and 26 S.C. Code Ann. Regs. 103-712.4.A and 103-512.4.A (Supp. 2005), the Company requests that the Commission approve an increase in its monthly water and sewer service rates. Also, pursuant to 26 S.C. Code Ann. Regs. 103-503 and 103-703, TCWS proposes a modification to the terms and conditions under which a tenant will be billed for water and sewer services to comport with current S.C. Code Ann. § 27-33-50 (Supp. 2005). Additionally, the Company proposes to add language requiring its customers to conduct cross connection testing and to add a charge for same if such inspections are undertaken by the Company to meet the requirements of 24A S.C. Code Ann. Regs. 61-58.7.F.8 (Supp. 2005). The Company also proposes to include certain terms and conditions pertaining to the extension of its facilities and to delete certain provisions pertaining to payments to defray federal taxes arising out of contributions in aid of construction.

In support of its request for an adjustment in the Company's water and sewer rates, terms and conditions TCWS asserts, among other things, that the proposed water and sewer rate increases are necessary in order that it may provide reasonable and adequate service to its customers, comply with standards and regulations set by the Department of Health and Environmental Control and other governmental agencies which regulate the environmental aspect of the Company's business, and earn a reasonable return on its investment and attract capital for future improvements. The Company also asserts that the proposed water and sewer rate increases are necessary to preserve its financial integrity and to permit continued investment in and maintenance of its facilities so as to provide reliable and high quality services.

THE PROPOSED CHANGES IN THE RATES AND CHARGES ARE SET FORTH BELOW
(The complete rate schedule is available from the Company at the address below and on the Commission's website at www.psc.state.sc.us)

DOCKET NO. 2006-____-WS
NOTICE OF FILING AND HEARING
PAGE 2

WATER

Monthly Charges	Current	Proposed
<u>Residential (per single family house, condominium, mobile home, apartment unit)</u>		
<u>Charge for Water Distribution Only</u>		
<u>Residential</u>		
Basic Facilities Charge	\$7.50	\$8.03
Commodity Charge	\$1.69 per 1,000 gallons or 134 cft	\$2.07 per 1,000 gallons or 134 cft
<u>Commercial</u>		
Basic Facilities Charge		
Per single family equivalent	\$7.50	\$8.03
Commodity Charge:	\$1.69 per 1,000 gallons or 134 cft 1	\$2.07 per 1,000 gallons or 134 cft

DOCKET NO. 2006-____-WS
NOTICE OF FILING AND HEARING
PAGE 3

SEWER

Monthly Charges	Current	Proposed
Residential monthly charge Per single-family house, condominium, villa, or apartment unit	\$30.09 per unit	\$37.33 per unit
Commercial – monthly charge	\$30.09 per SFE	\$37.33 per Single Family Equivalent

In order for testimony and evidence to be received from all interested parties, a public hearing will be held in the Commission's Hearing Room, Synergy Business Park, 101 Executive Center Dr., Columbia, S.C. on _____, 200_ at _____ a.m.

Any person who wishes to testify and present evidence at the hearing should notify, in writing, the Docketing Department and John M. S. Hoefer, Esquire, Willoughby & Hoefer, P.A., Post Office Box 8416, Columbia, South Carolina 29202-8416 on or before _____, 2006, and indicate the amount of time required for the presentation.

Any person who wishes to express their views but is unable or does not desire to appear and testify at the hearing should submit those views to the Docketing Department, in writing, on or before _____, 2006.

Any person who wishes to participate in the hearing, as a Party of Record with the right of cross-examination should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure, on or before _____, 2006.

Persons seeking information about the Commission's Procedures should contact the Commission in Columbia at 803-896-5100.

Public Service Commission of South Carolina
Attn: Docketing Department
Post Office Drawer 11649
Columbia, SC 29211

_____-_____-_____-